



The President's Daily Brief

6 January 1970

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PRINCIPAL DEVELOPMENTS

Jordan will suffer major crop losses if Israel continues to prevent the repair of the East Ghor irrigation canal. (Page 1)

Chinese roadbuilders in Laos are close to their southern terminal objective and there are no signs they intend to go further during the current dry season. (Page 2)

[redacted] the anti-Western sentiment in Somalia. (Page 3)

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Upcoming negotiations on oil revenues between Iran and the oil consortium promise to be difficult. (Page 4)

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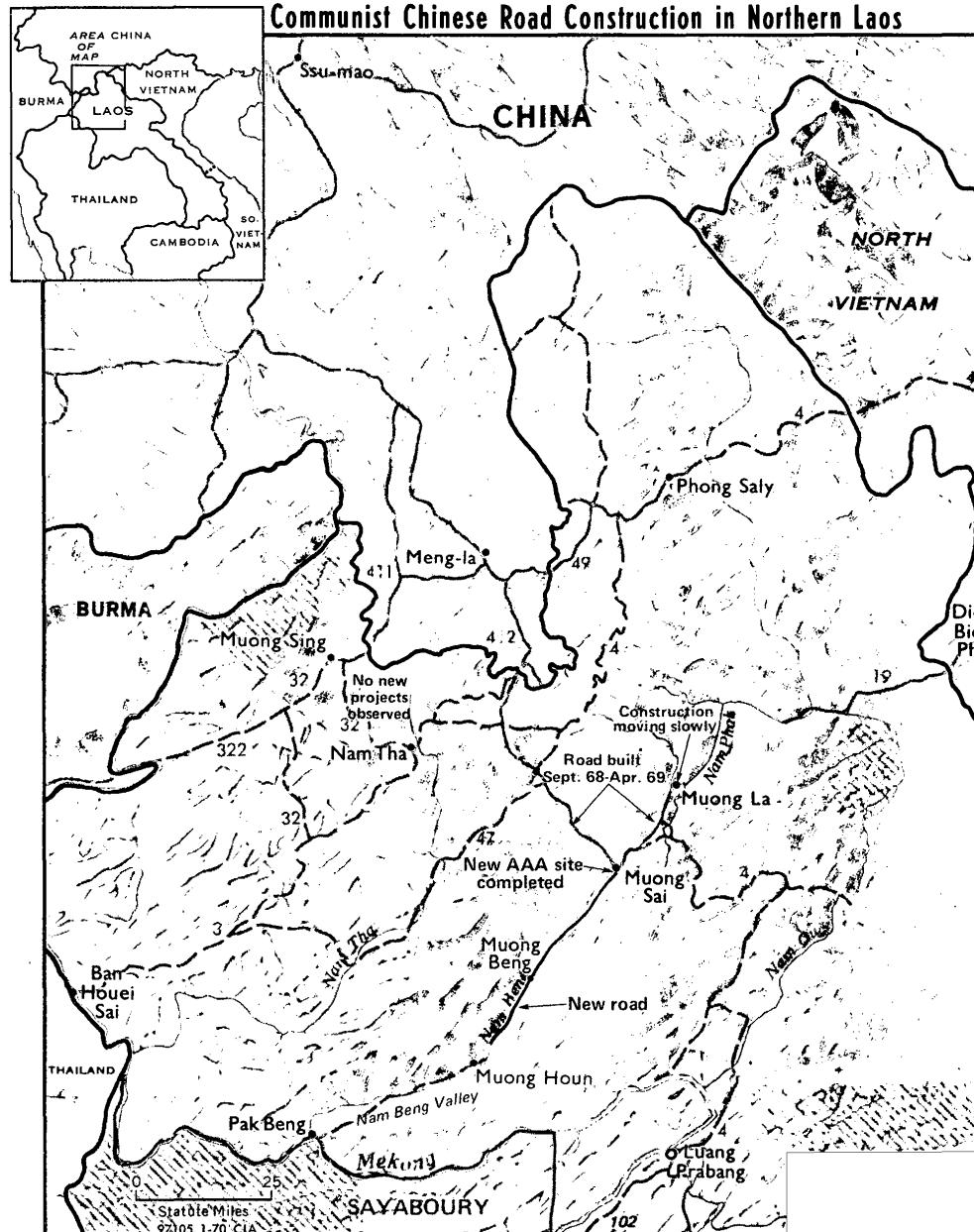
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ISRAEL-JORDAN

Israel is preventing the repair of the East Ghor irrigation canal by firing on Jordanian workers as they approach areas damaged by an Israeli air attack on 1 January. Damage to the canal is not extensive and could be repaired in a few days if the Israelis allow it.

After a similar attack in August the Israelis kept the Jordanians away from the canal for almost two months, causing an estimated \$2 million loss. The situation is even more critical now because the growing season has begun in Jordan and water supplies are crucial. Jordan could lose one third of its 1970 agricultural output (\$25 million) if the canal remains unrepai red for as long as three months.

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LAOS

the
road the Chinese have been building southwest of Muong Sai is now within five miles of Muong Houn, some 50 miles down the Nam Beng Valley from the road-head at Muong Sai. The valley is an established Communist infiltration corridor for men and supplies destined for north Thailand.

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The apparent lack of activity south of Muong Houn adds some weight to the claims

they would concentrate on the Muong Sai - Muong Houn road for the present. Muong Houn was the high-water mark of the Pathet Lao advance in 1962.

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SOMALIA

A distinct nationalistic and anti-Western sentiment is apparent within the ruling Supreme Revolutionary Council.

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The recent expulsion of the Peace Corps and the eviction order given to five members of the UN technical mission, however, are clear indications of the anti-Western atmosphere in Somalia.

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IRAN-CONSORTIUM

Negotiations on oil revenues for the Iranian year that begins in March may be even more difficult this year than last. In preliminary skirmishing, the Iranians are asking for \$150 million over the \$1 billion which the consortium estimates its operations will generate. Iran is also pressing the US to accept more of its oil on the American market. Prime Minister Hoveyda has already warned of unpleasant consequences if Iranian demands are not met.

If the Iranians follow their usual game plan, Hoveyda's opening salvo will be followed by gradually increasing pressure not only on the companies in the consortium, but also on their governments.

The Shah badly needs additional foreign exchange if he is to carry out a pet project--strengthening his forces in the Persian Gulf--without cutting into Iran's economic development program.

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